REMARKS

In the Office Action dated August 25, 2003, the Examiner (i) objected to the Specification and requested appropriate correction of the related application listed in the application, (ii) rejected claims 4, 15 and 26 under 35 U.S.C. § 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, (iii) rejected claims 1, 5, 9, 12, 19, 21, 23 and 27-30 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,240,399 ("Frank") in view of U.S. Patent No. 6,161,098 ("Wallman") in further view of U.S. Patent No. 5,806,048 ("Kiron"), (iv) rejected claims 2-4, 6, 13-15, 17, 22, 24-26 under 35 U.S.C. § 103(a) as being unpatentable over Frank in view of Wallman in further view of Kiron as applied to claims 1, 5, 12, 16, 21, 23 and 27-30 and further in view of U.S. Patent No. 5,312,478 ("Reed"), and (v) rejected claims 7-11, 18 and 20 under 35 U.S.C. § 103(a) as being unpatentable over Frank in view of Wallman in further view of Kiron as applied to claims 1, 5, 12, 16, 21, 23 and 27-30 and further in view of U.S. Publication No. 2002/0069365 ("Howard").

Objection to the Specification

The Examiner objected to the Specification and requested appropriate correction. The Examiner noted that "the related application listed on page one [of the application] must include the fact that it is now a U.S. patent with serial number listed." Applicant has amended the Specification to state that the related application is now a U.S. patent. Therefore, applicant respectfully requests the Examiner withdraw this objection.

§112 Rejection

The Examiner rejected claims 4, 15 and 26 under 35 U.S.C. § 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The Examiner explained that the

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aforementioned claims recite a trademark for a product, use the word "based" and recite a particular corporation name. The Examiner stated the claims are indefinite because products may change from time to time, the word based is considered indefinite and corporate ownership may change over time. While applicant disagrees with the Examiner's assertions, applicant is canceling claims 4, 15 and 26 and respectfully requests the Examiner withdraw this rejection.

<center>§103 Rejections</center>

The Examiner rejected all the claims under 35 U.S.C. § 103 as being unpatentable over combinations of the following prior art references: U.S. Patent No. 6,240,399 ("Frank"), U.S. Patent No. 6,161,098 ("Wallman"), U.S. Patent No. 5,806,048 ("Kiron"), U.S. Patent No. 5,312,478 ("Reed") and U.S. Publication No. 2002/0069365 ("Howard"). As discussed in detail below, none of these references, individually or in combination, discloses nor suggests all of the elements of each of this application's claims.

Frank

Frank describes an investment optimizing system. Frank notes that a fundamental problem faced by all investors is determining in which account—retirement or taxable—to put an investment based on a predetermined asset allocation. (*See, e.g.,* Col. 1, ll. 17-44). Frank addresses this question by describing a method of optimizing/maximizing an investor's ending after-tax asset accumulation by determining which accounts (*e.g.,* taxable or tax-deferred) to use for chosen investments. (*See, e.g.,* Abstract; Col. 1, ll. 17-44; Col. 3, ll. 6-14).

Frank describes a number of steps to answer the above question and optimize/maximize asset accumulation. An initial step is an investor allocates his assets by choosing which type of investment categories to use (*e.g.,* stocks, bonds, cash). Next, the investor chooses investment options in each asset category to fund the asset allocation (*e.g.,* Fidelity Fund in the US Equity category). Then, Frank determines which accounts (*e.g.,*

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retirement/tax deferred, non-retirement/taxable) are best suited for the predetermined investment and asset allocations. Frank performs this determination with an investment location optimizer (36) that outputs a selection of investments in taxable and tax-deferred accounts that produce an optimal accumulation if held for the pre-selected investment horizon time period. (*See, e.g.,* Col. 5, ll. 40-64; Col. 6, ll. 14-64; Col. 7, ll. 19-21; Figures 7 and 8).

Frank does not disclose nor suggest all of the claimed elements as argued by the Examiner in the Office Action. For example, Frank does not disclose nor suggest "an optimal after-tax investment strategy path from a plurality of investment strategy paths over the dynamic taxation time range using the predetermined software program to optimize the after-tax proceeds on a lot-by-lot basis from the plurality of investment strategies" as required by claims 1, 12, 21 and 23. Frank describes a method for determining whether to place an investment in a taxable or a tax-deferred account for a pre-determined asset and investment allocation. The only choice that Frank makes is whether to place an investment in a taxable or tax-deferred account for a specified investment horizon time period. This application's claims, however, require determining and outputting "an optimal after-tax strategy path…to optimize after-tax proceeds on a lot-by-lot basis." This application provides examples of many possible strategy paths, *e.g.,* holding an investment, selling the investment now and reinvesting in another investment or selling the investment after a certain time period and reinvesting. (*See, e.g.,* p. 13, l. 19 - p. 16, l. 13; p. 20, l. 13 - p. 21, l. 6; p. 24, l. 3 - p. 25, l. 12; p. 27, ll. 12-21; Appendix A; Figures 6, 7A-7B, 8, 12). All of these strategies involve an action, which, for example, might be in the present or in the future, with respect to an investment or tax lot to optimize after-tax proceeds which is not like Frank's determination of where to place an investment: in a taxable or in a tax-deferred account. Therefore, Frank does not disclose nor suggest "an optimal after-tax

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investment strategy path from a plurality of investment strategy paths over the dynamic taxation time range using the predetermined software program to optimize the after-tax proceeds on a lot-by-lot basis from the plurality of investment strategies" as required by this application's claims.

In addition, Frank's method only makes one determination of an investment allocation for, and to be held during, a given investment horizon time period which does not disclose nor suggest elements of this application's claims. Frank determines an optimal investment allocation to be used today and to be held through a given investment horizon time period in order to increase the investor's asset accumulation. This application's claims, however, require determining and outputting "an optimal after-tax investment strategy path" over a "dynamic taxation time range" which may involve various time periods including, for example, holding an investment, selling the investment now and reinvesting in another investment or selling the investment after a certain time period and reinvesting. (*See, e.g.*, p. 13, l. 19 - p. 16, l. 13; p. 20, l. 13 - p. 21, l. 6; p. 24, l. 3 - p. 25, l. 12; p. 27, ll. 12-21; Appendix A; Figures 6, 7A-7B, 8, 12).

Another difference between Frank and the claimed inventions is how investment analyses are performed. Frank describes determining whether to place an investment in a taxable or tax-deferred account. The results of this determination (*i.e.*, place an investment in taxable and/or tax-deferred accounts) are very different from this application's claimed determining and outputting "an optimal after-tax investment strategy path...over the dynamic taxation time range...to optimize the after-tax proceeds on a lot-by-lot basis." As noted above, this application provides several examples of possible strategy paths. Since these analyses are so different, the manner in which the analyses are conducted must also be quite different. Furthermore, Frank

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does not disclose many details regarding what financial analysis it performs to make its investment allocation determination.

Therefore, Frank does not disclose nor suggest "an optimal after-tax investment strategy path from a plurality of investment strategy paths over the dynamic taxation time range using the predetermined software program to optimize the after-tax proceeds on a lot-by-lot basis from the plurality of investment strategies" and "a comparative tax sensitivity analysis" as suggested by the Examiner.

Wallman

Wallman discusses enabling an investor to understand and manage related taxable events and cash implications created by selling securities. (*See* Col. 2, 11. 55-60). More specifically, Wallman describes allowing an investor to determine the tax consequences from selling multiple assets/liabilities by plotting a graph of potential proceeds versus potential tax consequences from the sale of each asset/liability for a current point in time. (*See*, Col. 3, 11.35-63). In addition, Wallman discusses allowing an investor to plot potential capital gain/loss versus potential proceeds for each asset/liability for a current point in time. (*See* Col. 4, 11.1-9). Wallman notes that an investor can use the graphs to select what investments to sell to realize a desired cash and capital gain or loss. (*See*, Col. 10, 11. 10-17). Wallman also notes that some of these graphs can be plotted over time but only based on current prices. (*See* Col. 5, 11. 7-64; Col. 14, 11. 34-38).

Contrary to the Examiner's assertions, Wallman, individually or in combination with Frank, does not disclose nor suggest all of the elements of this application's claimed inventions. For example, Wallman does not disclose nor suggest "an optimal after-tax investment strategy path from a plurality of investment strategy paths over the dynamic taxation time range using the predetermined software program to optimize the after-tax proceeds on a lot-

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by-lot basis from the plurality of investment strategies" as required by claims 1, 12, 21 and 23. Wallman describes plotting proceeds versus potential tax consequences based on current prices to determine what cash or tax liability can be obtained. This application's claims, however, require determining and outputting "an optimal after-tax strategy path...to optimize after-tax proceeds on a lot-by-lot basis." This application provides examples of many possible strategy paths, *e.g.,* holding an investment, selling the investment now and reinvesting in another investment or selling the investment after a certain time period and reinvesting. (*See, e.g.,* p. 13, l. 19 - p. 16, l. 13; p. 20, l. 13 - p. 21, l. 6; p. 24, l. 3 - p. 25, l. 12; p. 27, ll. 12-21; Appendix A; Figures 6, 7A-7B, 8, 12). All of these strategies involve an action, which, for example, might be in the present or in the future, with respect to an investment or tax lot to optimize after-tax proceeds which is not like Wallman's plotting of proceeds versus tax consequences. Therefore, Wallman does not disclose nor suggest "an optimal after-tax investment strategy path from a plurality of investment strategy paths over the dynamic taxation time range using the predetermined software program to optimize the after-tax proceeds on a lot-by-lot basis from the plurality of investment strategies" as required by this application's claims.

In addition, contrary to the Examiner's assertions, neither Frank nor Wallman contain any suggestion that they be combined. Wallman describes determining proceeds and tax implications for sales of individual investments at a current point in time based on current prices. Frank, however, addresses a different investment problem. Frank describes determining what investment accounts (*e.g.,* taxable or tax-deferred) should be used to maximize accumulation of a given asset and investment allocation for a given time period. Since Wallman and Frank address different investment questions with different methods and provide different outputs, one of

ordinary skill in the art would not consider combining these references. In addition, these references do not contain any suggestion that they be combined.

Furthermore, one of ordinary skill in the art would not combine Wallman with Frank since Frank does not teach how its investment determination can handle securities such as derivatives. In order for Frank's investment determination to be performed, Frank needs to know a rate of return for an investment and, thus, the rate of return needs to be reasonably definable in order for Frank to perform its calculations. Derivatives, however, have largely undeterminable rates of return. Therefore, the determination disclosed in Frank can not be performed on securities such as derivatives since no calculations can be performed on undeterminable numbers. Therefore, one of ordinary skill in the art would never consider combining Wallman's reference to derivatives with Frank.

Kiron

Kiron describes an open end fund securitization process that allows intra-day trading of open end funds. Kiron also describes an accounting and reporting system that receives information regarding the open end funds at the end of a day and generates financial reports based on the information for shareholders and other relevant parties. (*See*, Col. 6, ll. 45-63). In other words, Kiron discloses reporting financial information using financial reports such as pro-forma financial statements. These reports are not a "comparative pro-forma" analysis as suggested by the Examiner. Therefore, Kiron does not disclose nor suggest "a pro-forma tax sensitivity analysis" as required by the claims of the present application.

In addition, Kiron does not contain any suggestion that it be combined with the other cited references. Kiron discloses a type of security but does not discuss investment analyses or tax implications created by the sale of securities. Therefore, it would not have been

obvious to one of ordinary skill in the art to consider reviewing Kiron with the other cited references since the teachings of Kiron are unrelated to the teachings of the other references.

Reed

Reed describes an information management system that organizes information into worksheets that have an array of cells. Reed's disclosure of a spreadsheet is not related to securities or investments nor would one of ordinary skill in the art consider Reed to cover subject matter related to the other cited references. Furthermore, Reed does not discuss nor relate to tax implications created by the sale of securities. Therefore, Reed contains no suggestion that it be combined with the other cited references. In addition, it would not have been obvious to one of ordinary skill in the art to consider reviewing Reed with the other references since the teachings of Reed are unrelated to the teachings of the other references.

Howard

Howard describes a security system to control access over a network by employing a limited-use browser. Howard's disclosure of a computer security system is not related to securities or investments nor would one of ordinary skill in the art consider Howard to cover subject matter related to the other cited references. Furthermore, Howard does not discuss nor relate to tax implications created by the sale of securities. Therefore, Howard contains no suggestion that it be combined with the other references. In addition, it would not have been obvious to one of ordinary skill in the art to consider reviewing Howard with the other references since the teachings of Howard are unrelated to the teachings of the other references.
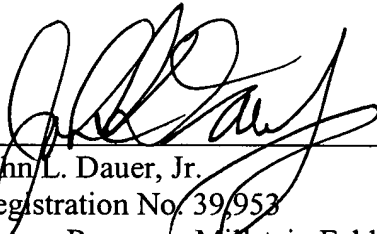
Therefore, U.S. Patent No. 6,240,399 ("Frank"), U.S. Patent No. 6,161,098 ("Wallman"), U.S. Patent No. 5,806,048 ("Kiron"), U.S. Patent No. 5,312,478 ("Reed") and U.S.

Publication No. 2002/0069365 ("Howard"), individually or in combination, do not disclose nor suggest all of the elements of each of this application's claims.

Applicant respectfully requests the Examiner withdraw the objection to the Specification and the §112 and §103 rejections and allow the pending claims.

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